



Request for City Council Committee Action From the Department of Public Works

Date: March 23, 2004

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Honorable Barb Johnson, Chair Ways & Means Committee

Subject: **Reallocation of Water Revenue Funds**

Recommendation:

Increase appropriation of FMF Project (7400/950/9535/C7502010) by reallocating \$655,000.00 of remaining funds in Meter Replacement Project (Water 7400/950/9501/MTR01020) to the Fridley Maintenance Facility (FMF) Project (7400/950/9535/C7502010).

Previous Directives:

- The project is included in the 5-year Capital Budget (2003 – 2007).
- Hagen Christensen & McIlwain Architects was approved for the AE services by the City Council on February 28, 2003.

Prepared by: Lisa Vokovan Otto, Project Manager, 673-2279

Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Adam J. Kramer, P.E., Assistant Director of Public Works, Director of Water Services

Financial Impact (Check those that apply)

☒ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

☐ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

The City of Minneapolis Water Works facility is located at 4300 Marshall St. NE in Fridley, Minnesota. The Water Works is currently proceeding with the proposed Ultrafiltration Project. The existing Maintenance Facility is required to be demolished in order to clear this site for the Fridley Membrane Filtration Plant. Consequently, this requires the construction of a new Maintenance Facility in a different location.

The scope of the project provides complete construction of a new Fridley Maintenance Facility, which will accommodate machinists, metal fabrications, sheet metal, pipe fitters and electricians. The new facility is approximately 34,000 square feet. A warehouse will also be included in this new facility. Construction of the new facility will comply with current OSHA standards, and will improve working conditions of employees.

Included in the original budget was a project contingency that was to cover any unforeseen conditions or changes in the construction. Due to soil work, the original budget has exceeded all contingencies for the project.

The scope of the work, however, has increased and it now includes site security, green initiatives and site utility. The lowest bid for the construction of this facility came in at \$4,420,000. The total approved budget was for \$5,321,000 but with all the unforeseen changes, the cost is now estimated at \$5,976,000, as described in the table below.

The Meter Replacement Project is the replacement of existing manually-read water meters with water meters that can be read remotely via a radio signal. The objective of the project is twofold 1) To reduce labor costs and 2) To eliminate the need to gain access to the customers home to read the water meter. The project also enabled the Water Works to bill monthly, making the customers family budgeting easier and improved the cash flow to the Water Works. The project is essentially completed and the reallocation of the \$655,000.00 from the Meter Replacement Project will increase the available funds for the FMF Project to \$5,976,000.00 This will cover the revised total cost estimate for bid overrun and keep in place a 9% contingency for the Fridley Maintenance Facility Project.

The breakdown of the costs is as follows:

Design (AE)	\$ 323,000
Soil Correction	\$ 726,000
Property Services	\$ 103,000
Construction	\$4,420,000
Contingencies (9%)	<u>\$ 404,000</u>
Total	\$5,976,000